

# Sample Board Resolutions

## Authorizing the Conversion of Class B Stock Earned as Patronage Refunds to Class C Stock

### **Converting all eligible patronage refunds. (See Note 1 & 4)**

WHEREAS, The Board of Directors of the Rural Telephone Bank adopted a resolution at its November 9, 1999, meeting authorizing borrowers to convert a portion of their Class B stock earned as patronage refunds to Class C stock;

THEREFORE BE IT RESOLVED, That all eligible Class B stock earned as patronage refunds and issued to \_\_\_\_\_ be converted to Class C stock; and

BE IT FURTHER RESOLVED, That, upon notification from the Rural Telephone Bank, \_\_\_\_\_ shall surrender to the Telephone Bank the corresponding amount of Class B share certificates.

### **Converting a percent of all eligible patronage refunds. (See Note 1)**

WHEREAS, The Board of Directors of the Rural Telephone Bank adopted a resolution at its November 9, 1999, meeting authorizing borrowers to convert a portion of their Class B stock earned as patronage refunds to Class C stock;

THEREFORE BE IT RESOLVED, That \_\_\_\_\_ percent of all eligible Class B stock earned as patronage refunds and issued to \_\_\_\_\_ be converted to Class C stock; and

BE IT FURTHER RESOLVED, That, upon notification from the Rural Telephone Bank, \_\_\_\_\_ shall surrender to the Telephone Bank the corresponding amount of Class B share certificates.

### **Converting a percentage but not all eligible patronage refunds associated with a specific note(s); modify accordingly. (See Notes 1 & 2)**

WHEREAS, The Board of Directors of the Rural Telephone Bank adopted a resolution at its November 9, 1999, meeting authorizing borrowers to convert a portion of their Class B stock earned as patronage refunds to Class C stock;

THEREFORE BE IT RESOLVED, That eligible Class B stock earned as patronage refunds and issued to \_\_\_\_\_ be converted to Class C stock as follows:

\_\_\_\_\_ percent associated with the \_\_\_\_\_ note;  
\_\_\_\_\_ percent associated with the \_\_\_\_\_ note; and

BE IT FURTHER RESOLVED, That, upon notification from the Rural Telephone Bank, \_\_\_\_\_ shall surrender to the Telephone Bank the corresponding amount of Class B share certificates.

## **Converting all Class B stock associated with a paid-in-full note. (See Notes 2 & 3)**

WHEREAS, The Board of Directors of the Rural Telephone Bank adopted a resolution at its November 9, 1999, meeting authorizing borrowers to convert a portion of their Class B stock earned as patronage refunds to Class C stock;

THEREFORE BE IT RESOLVED, That all Class B stock associated with the paid-in-full \_\_\_\_\_ note issued to \_\_\_\_\_ be converted to Class C stock and since fractional shares of Class C stock are not issued, the \_\_\_\_\_ shall supplement with cash an amount to bring the total up to the nearest thousand; and

BE IT FURTHER RESOLVED, That, upon notification from the Rural Telephone Bank, \_\_\_\_\_ shall surrender to the Telephone Bank the corresponding amount of Class B share certificates.

### **NOTES:**

#### **1. Share Certificates must be Returned**

We will convert shares of stock on a first-in first-out basis. After the Bank determines the exact amount of Class B patronage capital to be converted, it will advise the borrower of the certificate numbers that must be surrendered. If you are unable to locate the share certificates, your company must execute an Affidavit of Lost Shares before the conversion will be considered complete and, if specifically requested, a new certificate issued. (Effective February 11, 2000, the Board authorized the issuance of Class C stock in book-entry form with the provision for the issuance of certificates **only** on the specific request of the stockholder.)

#### **2. Note Designation**

Notes are identified by an alpha-numeric designation, such as, "A5", "B4 & 7", "C12" etc. In the second paragraph, enter the alpha-numeric designation of the note you wish the selected percentage of patronage capital earned be converted.

#### **3. Notes Paid-in-Full**

If a note is paid-in-full, the borrower may request conversion of all Class B stock related to that note, including Class B purchased by the borrower. Class C stock has a par value of \$1,000 per share and is issued only at par. Since fractional shares of Class C stock are not issued, for paid-in-full notes only, the borrower may be required to supplement by cash an amount to bring the total up to the nearest thousand. For paid-in-full notes, the borrower must also surrender the corresponding amount of Class B share certificates. Refer to Note 1 for general information.

#### **4. Approval to Convert on an Annual Basis**

Each year, as additional principal is repaid, additional Class B patronage capital may be eligible for conversion. If your company wishes to continue to convert eligible patronage capital on an annual basis, the board resolution should include such a provision. For example:

"THEREFORE BE IT RESOLVED, That all eligible Class B stock earned as patronage refunds and issued to \_\_\_\_\_ be converted to Class C stock and, until receipt of written notification to the Bank otherwise, \_\_\_\_\_ wishes to continue to convert eligible patronage capital on an annual basis;"